

Message Text

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PAGE 01 BUDAPE 00973 221139Z

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-05 CIAE-00 DODE-00 INR-10 NSAE-00

PA-02 RSC-01 USIA-12 PRS-01 SP-03 OMB-01 TRSE-00

STR-04 SS-20 L-03 NSC-04 DRC-01 /093 W

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FM AMEMBASSY BUDAPEST

TO USDOC WASHDC

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C O N F I D E N T I A L BUDAPEST 0973

E.O. 11652: GDS

TAGS: ETRD, BEXP, HU

SUBJ: EXECUTIVE LEVEL TRADE MISSION TO HUNGARY: SECOND WEEK

REF: BUDAPEST 0907

FROM ZARB

COMMERCE FOR SECRETARY DENT; COMMERCE PASS ROY ASH, OMB;
AND SECRETARY SIMON, TREASURY

1. SUMMARY: EXECUTIVE LEVEL MISSION TO HUNGARY ENDED ITS OFFICIAL PROGRAM APRIL 19 WITH ALL CONCERNED CALLING IT SUCCESSFUL BEYOND EXPECTATIONS. FALL PROGRAMS AND PRODUCTIVE HIGH-LEVEL CONTACTS WERE ORDER OF THE DAY. BOTH FOR LEADER ZARB AND BUSINESSMEN. GOH, PARTICULARLY MINISTRY OF FOREIGN TRADE AND CHAMBER OF COMMERCE, EXTENDED THEMSELVES TO MAKE MISSION SUCCESS. BUSINESSMEN EXPRESSED PARTICULAR APPRECIATION FOR CONTACTS WITH MINISTERS AND DEPUTY MINISTERS WHO ARE NORMALLY NOT ACCESSIBLE TO THEM. HUNGARIANS ALSO MADE CLEAR THEY APPRECIATED AND WERE FLATTERED BY HAVING WHITE HOUSE REP VISIT HUNGARY AT HEAD OF MISSION. END SUMMARY.

2. AS IN FIRST WEEK, RED CARPET WAS OUT ALL THE WAY FOR
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PAGE 02 BUDAPE 00973 221139Z

ZARB AND EXECUTIVES. HIGH POINT WAS ATTENDANCE AT

AMBASSADOR'S RECEPTION BY DEPUTY PREMIER HUSZAR, FOREIGN TRADE MINISTER BIRO, MINISTER OF HEAVY INDUSTRY SZEKER, FIRST DEPUTY MINISTER OF METALLURGY AND MACHINERY MIKLOS GACSI, AND OTHER LEADING PERSONALITIES. HIGH INTEREST AND LIVELY COOPERATIVE SPIRIT MUCH IN EVIDENCE ON HUNGARIAN SIDE AND FULLY RECIPROCATED BY US DELEGATION.

3. OFFICIAL HIGHLIGHTS INCLUDED SECIND MEETING WITH BIRO, MEETING WITH FINANCE MINISTER FALUVEGI, GACSI, AND DEPUTY PLANNING CHIEF ISTVAN HETENYI. CONTACT WITH CHAMBER OF COMMERCE PRESIDENT KALLOS ALMOST CONTINUOUS. VISITS ALSO MADE TO BABOLNA STATE FARM TO DISCUSS CPS PROGRAM, RADELKIS INDUSTRIAL COOPERATIVE WHICH IS NEGOTIATING JOINT VENTURE WITH CORNING AND GYOR WAGON AND MACHINE WORKS WHICH IS DISCUSSING COOPERATION WITH STEIGER TRACTOR.

4. BEGIN CONFIDENTIAL: IN DISCUSSIONS WITH ZARB HUNGARIAN LEADERS EMPHASIZED NEED FOR TECHNOLOGY AND PROBLEMS THEY ARE HAVING WITH RAW MATERIALS BECAUSE OF PRICE INCREASES. ON LATTER SUBJECT THEY INDICATED SERIOUS DEBATE GOING ON PRESENTLY OVER FUTURE DIRECTIONS OF RAW MATERIAL SUPPLY POLICY. IN DISCUSSIONS WITH BIRO AND OTHERS THERE WERE SIGNS OF GIVE IN GOH POSITIONS ON JOINT VENTURES AND BUSINESS FACILITIES. IN THIS CONNECTION THERE WERE ALSO INTIMATIONS GOH MIGHT BE PREPARED TO ACCEPT MFN SEPARATE FROM SOVIET UNION IF SUCH ACCEPTANCE COULD BE TIED TO MFN FOR OTHER EE'S ON BASIS GATT MEMBERSHIP OR OTHER SIMILAR FORMULA. END CONFIDENTIAL.

5. BEGIN LOU: BUSINESS HIGHLIGHTS: ITT - FULL PROGRAM OF GOVERNMENT AND ENTERPRISE CONTACTS IN TELECOMMUNICATIONS FIELD, INCLUDING PARTICIPATION IN ZARB MEETING WITH GASCI, ITT WILL FOLLOW-UP WITH TECHNICIANS.

6. UNION CARBIDE. FOUR OR FIVE HIGHLY ATTRACTIVE PROPOSALS IN VARIETY OF FIELDS, INCLUDING MEDICINE, ENVIRONMENT, AND AGRICULTURE BROUGHT FORTH STRONG INDICATIONS OF INTEREST FROM HUNGARIANS. TIME NOT ADEQUATE TO DEAL WITH ALL AND UNION CARBIDE WILL BE BACK SHORTLY.
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PAGE 03 BUDAPE 00973 221139Z

7. ENGERSOLL-RAND: NUMBER OF CONTACTS RELATED TO MINING AND PIPELINE EQUIPMENT. HUNGARIANS WANT TO DISCUSS FURTHER POSSIBILITIES FOR COPPER MINING AND OTHER EQUIPMENT. I-R REPS ALSO SPENT TIME ON CHANNEL-WIDENING BARGE IN MISSLE OF DANUBE.

8. UOP: FULL SCHEDULE OF TALKS WITH OIL INDUSTRY AND

RECEPTION WITH MINISTER SZEKER. BIG HUNGARIAN REFINERY
AT SZAZHALOMBATTA VISITED. NUMBER OF POSSIBILITIES FOR
SALE OF UOP PROCESSES UNDER CONSIDERATION.

9. ACTION REQUESTS:

A) REQUEST COMMEFCE AND STATE ASSURE APPROPRIATE
SUPPORT TO US FIRMS AS BUSINESS DISCUSSIONS MOVE FORWARD.

B) RECOMMEND THAT HIGH STATE DEPT OFFICIAL REVIEW
ORALLY WITH ZARB SEVERAL MAJOR BILATERAL ISSUES, IN
ADDITION TO TALKS ZARB WILL HAVE WITH COMMERCE.

C) RECOMMEND IMPLEMENTATION OF PROPOSAL TO RECEIVE
HIGH-LEVEL HUNGARIAN BUSINESS DELEGATION AT APPROPRIATE TIME.

D) RECOMMEND CONSIDERATION OF IDEA OF FORMING
JOINT COMMISSION WITH HUNGARY.

E) RECOMMENDATION OF CONSIDERATION OF APPROPRIATE
TIME TO INVITE DEPUTY PREMIER HUSZAR TO VISIT US.

10. ZARB WILL PROVIDE OTHER DETAILS.
PEDERSEN

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